

Message Text

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SUBJECT: US-SOVIET JOINT COMMERCIAL COMMISSION

1. AGREED MINUTES OF FOURTH SESSION JOINT COMMERCIAL
COMMISSION AS FOLLOWS:

BEGIN TEXT:

I. GENERAL PROVISIONS

IN ACCORDANCE WITH ITEM 5 OF THE TERMS OF REFERENCE AND
RULES OF PROCEDURE OF THE JOINT U.S.-U.S.S.R. COMMERCIAL
COMMISSION ESTABLISHED ACCORDING TO THE UNDERSTANDING
REACHED IN THE COURSE OF THE NEGOTIATIONS BETWEEN THE
PRESIDENT OF THE UNITED STATES AND SOVIET LEADERS IN MAY
1972, THE FOURTH SESSION OF THE COMMISSION WAS HELD ON
MAY 21-22, 1974, IN WASHINGTON, D.C., CHAIRED BY SECRETARY
OF THE TREASURY WILLIAM E. SIMON, HEAD OF THE U.S. DELEGA-
TION.

THE SOVIET DELEGATION WAS LED BY ACTING MINISTER OF FOREIGN
TRADE OF THE U.S.S.R. M.R. KUZMIN.

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LISTS OF THE AMERICAN AND SOVIET DELEGATIONS ARE ATTACHED
TO THESE AGREED MINUTES (ANNEX I).

II. APPROVAL OF AGENDA

THE FIRST PLENARY SESSION OPENED WITH REMARKS BY THE CO-CHAIRMEN WHICH EMPHASIZED THE NEED TO SUSTAIN THE MOMENTUM OF U.S.-U.S.S.R. TRADE AND ECONOMIC RELATIONS. THE COMMISSION ADOPTED THE FOLLOWING AGENDA FOR THE FOURTH SESSION:

1. STATE OF AFFAIRS IN SOVIET-AMERICAN TRADE AND ECONOMIC RELATIONS
2. LONG-TERM ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION
3. STATE OF NEGOTIATIONS ON MAJOR PROJECTS AND FINANCING
4. BUSINESS FACILITATION

ITEMS 3 AND 4 OF THE AGREED AGENDA WERE DISCUSSED IN DETAIL IN THE WORKING GROUPS SET UP BY THE COMMISSION, AND WERE REPORTED ON AT THE FINAL PLENARY MEETING. LISTS OF THE U.S. AND SOVIET MEMBERS OF THE WORKING GROUPS ARE ATTACHED TO THESE SUMMARY MINUTES (ANNEX II).

III. CONSIDERATION OF AGENDA ITEMS

1. THE COMMISSION SURVEYED AT ITS PLENARY SESSION THE STATUS OF TRADE AND ECONOMIC RELATIONS BETWEEN THE U.S. AND THE U.S.S.R. AND NOTED WITH SATISFACTION FURTHER PROGRESS IN THE DEVELOPMENT OF THESE RELATIONS SINCE THE THIRD SESSION OF THE COMMISSION.

THE VOLUME OF TRADE BETWEEN THE U.S. AND THE U.S.S.R. IN 1973, INCLUDING GRAIN PURCHASES, REACHED ALMOST 1.5 BILLION DOLLARS AS AGAINST 700 MILLION DOLLARS IN 1972.

THE COMMISSION ANTICIPATED THAT BILATERAL TRADE WOULD AGAIN THIS YEAR EXCEED THE 1 BILLION DOLLAR LEVEL. THIS TRADE VOLUME, IF FAVORABLE CONDITIONS OBTAINED, WOULD PERMIT THE COUNTRIES TO SURPASS THE TOTAL OF 2-3 BILLION DOLLARS FOR THE THREE YEARS 1973-75 FORESEEN BY PRESIDENT LIMITED OFFICIAL USE
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NIXON AND GENERAL SECRETARY BREZHNEV IN JUNE OF LAST YEAR.

THERE HAS BEEN AN EXPANSION IN THE SCOPE OF COOPERATION AND BUSINESS CONTACTS BETWEEN SOVIET FOREIGN TRADE ORGANIZATIONS AND U.S. COMPANIES. FOREIGN TRADE ORGANIZATIONS OF THE U.S.S.R. HAVE PLACED LARGE ORDERS WITH A WIDE VARIETY OF U.S. COMPANIES IN DIFFERENT INDUSTRIES FOR MACHINERY, EQUIPMENT AND OTHER GOODS TO BE SUPPLIED TO THE U.S.S.R.

IN PARTICULAR, THE VALUE OF ORDERS FOR THE KAMA TRUCK FACTORY, WHICH IS BEING BUILT IN THE U.S.S.R., HAS ALREADY SURPASSED 350 MILLION DOLLARS, AND OVER 80 BIG,

MEDIUM AND SMALL U.S. COMPANIES ARE INVOLVED IN THE FULFILLMENT OF THOSE ORDERS.

THE U.S. SECTION REAFFIRMED THE U.S. ADMINISTRATION'S DETERMINATION TO OBTAIN LEGISLATION THAT WOULD PROVIDE AUTHORITY FOR NON-DISCRIMINATORY TARIFF TREATMENT FOR THE U.S.S.R., AS CALLED FOR UNDER THE U.S.-U.S.S.R. TRADE AGREEMENT OF 1972, AND WOULD CONTINUE THE AVAILABILITY OF U.S. EXPORT-IMPORT BANK FINANCING ON A NON-DISCRIMINATORY BASIS WHEN NEEDED TO ASSIST U.S. EXPORTERS ON THEIR SALES TO THE U.S.S.R.

THE COMMISSION UNDERLINED THE IMPORTANCE OF EXPANDING U.S.-U.S.S.R. TRADE IN BOTH DIRECTIONS AND EXPRESSED THE INTENTION OF CONTINUED EFFORT TO IMPROVE CONDITIONS IN BOTH COUNTRIES FOR BILATERAL TRADE.

2. THE COMMISSION NOTED THAT AS A RESULT OF NEGOTIATIONS HELD RECENTLY BETWEEN THE AMERICAN AND SOVIET DELEGATIONS REGARDING THE CONCLUSION OF AN AGREEMENT ON ECONOMIC COOPERATION BETWEEN THE U.S. AND U.S.S.R., A BASIC DRAFT HAS BEEN WORKED OUT OF A LONG TERM AGREEMENT TO FACILITATE ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION.

AT THE 4TH SESSION OF THE COMMISSION, THE PARTIES REACHED AGREEMENT ON THE TEXT OF THE AGREEMENT ATTACHED AS ANNEX III, AND RECOMMENDED TO THE TWO GOVERNMENTS THAT SUCH AN AGREEMENT BE CONCLUDED IN THE NEAR FUTURE.

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THE COMMISSION EXPRESSED ITS CONFIDENCE THAT SIGNING OF A LONG TERM AGREEMENT TO FACILITATE ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION BETWEEN THE U.S. AND THE U.S.S.R. WOULD LAY A SOUND FOUNDATION FOR LARGE SCALE AND CONTINUING ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES.

3. THE COMMISSION RECEIVED REPORTS AND EXCHANGED VIEWS ON THE CURRENT STATUS OF A NUMBER OF LONG-TERM COOPERATION PROJECTS UNDER NEGOTIATION BETWEEN U.S. FIRMS AND SOVIET FOREIGN TRADE ORGANIZATIONS, INCLUDING PROJECTS IN THE FIELDS OF FERTILIZER PRODUCTION, EXPLORATION FOR NATURAL GAS AND OIL, TIMBER PRODUCTS, MACHINE BUILDING FACILITIES AND PRODUCTS OF POWER-CONSUMING INDUSTRIES. IN MANY CASES THESE PROJECTS WOULD BE CARRIED OUT ON A SELF-LIQUIDATING BASIS. THE U.S. SECTION REPORTED THAT IN

ACCORDANCE WITH ITS COMMITMENT MADE AT THE LAST SESSION OF THE JOINT COMMISSION, THE U.S. DEPARTMENT OF COMMERCE HAD REFERRED THE SOVIET INTEREST IN POWER-CONSUMING PRODUCTION FACILITIES, INCLUDING ALUMINUM, FERRO-MANGANESE AND FERRO-CHROMIUM, AND CHEMICALS TO APPROPRIATE INDUSTRY

TRADE ASSOCIATIONS AND DIRECTLY TO POTENTIALLY INTERESTED U.S. COMPANIES. THE SOVIET SECTION PROVIDED THE U.S. DELEGATION ADDITIONAL DATA ON SEVERAL OF THE PROJECTS FOR TRANSMITTAL TO U.S. FIRMS.

TO FACILITATE TRADE AND COOPERATION BETWEEN THE CIVIL AVIATION INDUSTRIES OF THE TWO COUNTRIES, BOTH PARTIES EXPRESSED THEIR READINESS TO NEGOTIATE A BILATERAL AIR-WORTHINESS AGREEMENT.

THE COMMISSION DISCUSSED THE PROSPECTS AND POSSIBILITIES FOR THE RECIPROCAL FINANCING OF TRADE AND ECONOMIC OPERATIONS BETWEEN THE TWO COUNTRIES WITH REGARD, IN PARTICULAR, TO NEGOTIATIONS NOW UNDER WAY BETWEEN RELEVANT SOVIET ORGANIZATIONS AND U.S. FIRMS ON COOPERATION IN JOINT PROJECTS.

THE COMMISSION UNDERLINED THE IMPORTANCE OF FURTHER CREDIT RELATIONS OF APPROPRIATE MAGNITUDE BETWEEN THE TWO COUNTRIES. LIMITED OFFICIAL USE
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TRIES INTENDED TO REALIZE SUCH PROJECTS AND OTHER COMMERCIAL TRANSACTIONS, AND AFFIRMED THE INTENTION OF THE PARTIES TO CREATE IN THEIR COUNTRIES APPROPRIATE CONDITIONS FOR THAT PURPOSE, AND RENDER NECESSARY ASSISTANCE.

THE SOVIET SECTION NOTED ITS INTEREST IN EXPEDITING THE ISSUANCE BY THE EXPORT-IMPORT BANK OF FINAL CREDIT COMMITMENTS FOR AUTOMATIC LINES TO PRODUCE HALF BEARINGS FOR TRUCK AND DIESEL ENGINES, AND FOR THE ISSUANCE BY THE BANK OF PRELIMINARY CREDIT COMMITMENTS FOR FOUNDRY EQUIPMENT AT THE CHEBOKSARY INDUSTRIAL TRACTOR PLANT, FOR EQUIPMENT AND MATERIALS FOR YAKUTSK GAS EXPLORATION, AND FOR OIL PIPELINE PRESSURE REGULATORS. THE COMMISSION NOTED WITH SATISFACTION THE APPROVAL BY THE U.S. EXPORT-IMPORT BANK OF A LOAN IN THE AMOUNT OF \$180 MILLION TO SUPPORT \$400 MILLION IN U.S. EXPORTS FOR THE CONSTRUCTION OF A FERTILIZER COMPLEX IN THE SOVIET UNION.

4. THE COMMISSION NOTED WITH SATISFACTION THE PROGRESS WHICH HAS BEEN MADE OVER THE PAST YEAR ON IMPROVING THE CONDITIONS FOR AND EXPANDING COMMERCIAL REPRESENTATION IN BOTH COUNTRIES, AND THAT THE TRADE REPRESENTATION OF THE

U.S.S.R. IN WASHINGTON AND THE COMMERCIAL OFFICE OF THE U.S. IN MOSCOW ARE NOW OPEN AND OPERATING.

THE COMMISSION DISCUSSED THE EXPANSION OF THE SOVIET COMMERCIAL REPRESENTATION IN THE UNITED STATES, AND OF THE AMERICAN COMMERCIAL PRESENCE IN MOSCOW. THE SOVIET

SECTION, NOTING THE INCREASE IN TRADE BETWEEN THE TWO COUNTRIES AND THE ATTENDANT HEAVIER WORK LOADS ON ITS COMMERCIAL REPRESENTATIVES IN THE UNITED STATES, MADE PROPOSALS REGARDING THE ENLARGEMENT OF THE STAFFS OF THE TRADE REPRESENTATION IN WASHINGTON, OF THE TEMPORARY PURCHASING COMMISSION AND OF THE AMTORG TRADING CORPORATION.

AGREEMENT WAS REACHED TO ENLARGE THE AMTORG STAFF BY 11. THE U.S. SECTION SAID THAT IT WOULD CONSIDER THE SOVIET PROPOSALS WITH RESPECT TO THE STAFFING OF THE TRADE LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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REPRESENTATION AND THE TEMPORARY PURCHASING COMMISSION, AND WOULD REPLY TO THE SOVIET SIDE IN THE NEAR FUTURE. THE U.S. DELEGATION CONFIRMED THAT THE ADMINISTRATION WOULD PRESS FOR PROMPT PASSAGE OF U.S. LEGISLATION UNDER THE TERMS OF WHICH THE U.S. WOULD BE WILLING TO PERMIT PERSONNEL OF THE TRADE REPRESENTATION TO PARTICIPATE DIRECTLY IN TRADE TRANSACTIONS.

IT WAS RECORDED THAT 17 U.S. FIRMS ARE NOW ACCREDITED TO ESTABLISH OFFICES IN MOSCOW, AN IMPORTANT FACTOR IN THE CONTINUED EXPANSION OF ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES. THE SOVIET SECTION OF THE COMMISSION REAFFIRMED THAT IT WOULD CONTINUE TO CONSIDER FAVORABLY THE ENLARGEMENT OF THE U.S. COMMERCIAL PRESENCE IN MOSCOW AND THE OPENING OF NEW OFFICES BY U.S. COMPANIES AND BANKS. THE SOVIET SECTION NOTED THE INTEREST OF THE U.S. SIDE IN SECURING ASSISTANCE FROM THE SOVIET SIDE IN FACILITATING SUITABLE OFFICE, HOUSING AND WORKING CONDITIONS FOR THE STAFFS OF THESE FIRMS AND AGREED TO MAKE CONSTRUCTIVE EFFORTS IN THESE AREAS.

THE SOVIET SECTION OF THE COMMISSION SUPPLIED INFORMATION REGARDING THE CONSTRUCTION IN MOSCOW OF THE CENTER OF INTERNATIONAL TRADE SCIENTIFIC AND TECHNICAL TIES WITH FOREIGN COUNTRIES, AND REPORTED THAT AN ENGINEERING CONTRACT FOR THE CENTER HAD BEEN SIGNED AND CONSTRUCTION WOULD START SOON. THIS WAS FACILITATED, IN PARTICULAR, BY THE APRIL 1974 DECISION OF THE U.S. EXPORT-IMPORT BANK AND A GROUP OF COMMERCIAL BANKS OF THE U.S. TO FINANCE THE CONSTRUCTION OF THIS CENTER.

THE COMMISSION HEARD WITH SATISFACTION THE REPORT OF MESSRS. KENDALL AND ALKHIMOV, CO-CHAIRMEN OF THE U.S.-U.S.S.R. TRADE AND ECONOMIC COUNCIL, THAT THE COUNCIL HAD HELD ITS FIRST CONSTITUENT MEETING IN WASHINGTON, D.C. LAST FEBRUARY, AND THAT THE OFFICES OF THE COUNCIL IN BOTH WASHINGTON AND MOSCOW HAVE BEGUN THEIR WORK.

IV. OTHER MATTERS

THE COMMISSION NOTED WITH SATISFACTION THE SUCCESS OF
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"STANKI 74," THE LARGEST COMMERCIAL EXHIBITION EVER
SPONSORED BY THE UNITED STATES IN THE U.S.S.R. MOST OF
THE EQUIPMENT ON DISPLAY HAS ALREADY BEEN SOLD, AND SUB-
STANTIAL ADDITIONAL SALES ARE EXPECTED AS A RESULT OF
NEGOTIATIONS INITIATED DURING THE STANKI SHOW. THE U.S.
SECTION ALSO ANNOUNCED THAT 48 U.S. FIRMS PLAN TO PARTI-
CIPATE IN THE EXHIBITION HEALTH '74 OPENING MAY 28 IN
MOSCOW.

BOTH SIDES AGREED TO FACILITATE TRADE MISSIONS AND TO
SUPPORT PARTICIPATION OF THEIR NATIONALS, COMPANIES AND
ECONOMIC ORGANIZATIONS IN TRADE FAIRS AND EXHIBITIONS
ORGANIZED IN THE OTHER COUNTRY. THE U.S. SECTION OF THE
COMMISSION DREW ATTENTION TO THE HIGH LEVEL U.S.
TRADE MISSION ON TOURISM SCHEDULED TO VISIT THE SOVIET
UNION THIS FALL, WHICH WILL BE LED BY ASSISTANT SECRETARY
OF COMMERCE FOR TOURISM C. LANGHORN WASHBURN.

THE PARTIES INFORMED EACH OTHER THAT RATIFICATION
PROCEEDINGS HAVE BEEN INITIATED IN THEIR COUNTRIES REGARD-
ING THE CONVENTION BETWEEN THE U.S. AND THE U.S.S.R. ON
MATTERS OF TAXATION, SIGNED ON 20TH JUNE 1973, AND
EXPRESSED THEIR HOPE THAT THESE CONVENTIONS WILL ENTER
INTO FORCE IN THE NEAR FUTURE.

V. WORKING GROUPS

THE COMMISSION DECIDED THAT THE TWO JOINT WORKING GROUPS
ON MAJOR PROJECTS AND FINANCING AND ON BUSINESS FACILITA-
TION WOULD CONTINUE IN EXISTENCE IN ORDER THAT THEY MAY
MEET AS NEEDED IN THE INTERVAL BEFORE THE NEXT SESSION OF
THE COMMISSION.

VI. NEXT SESSION

THE COMMISSION AGREED TO HOLD THE NEXT (FIFTH) SESSION IN
MOSCOW IN 1975. THE DATE AND AGENDA WILL BE AGREED UPON

BY THE CHAIRMEN OF THE U.S. AND U.S.S.R. SECTIONS IN
ACCORDANCE WITH THE TERMS OF REFERENCE AND RULES OF
PROCEDURE OF THE COMMISSION.

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DONE IN WASHINGTON, D.C., MAY 22, 1974, IN TWO COPIES IN
ENGLISH AND RUSSIAN, EACH TEXT BEING EQUALLY AUTHENTIC.

S/WILLIAM E. SIMON S/ M.R. KUZ'MIN
CHAIRMAN CHAIRMAN
U.S. SECTION OF THE U.S.S.R. SECTION OF THE
JOINT U.S.-U.S.S.R. JOINT U.S.-U.S.S.R.
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